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CAPITALISM
Survive
THE WAR?



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By William Irvine

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CAN CAPITALISM SURVIVE THE WAR?

IS IT POSSIBLE that capitalism, which functioned so badly from 1929 to 1935, will be able to carry on at the close of the present war? During that period of relative peace the best that capitalism could do was to have an unemployed army almost as great as are now enlisted for active service. There were about fifteen million unemployed in the U.S.A., from three to five million unemployed in Britain, about one million on relief in Canada and corresponding numbers of unemployed in other lands. That was the peace record of our system. How then will the system fare in the aftermath of another war? This question must be faced before the thing is upon us. For we have seen that peace can be as cruel and as destructive of human life as war.

Any war has at least three possibilities. They are a win, a loss or a draw. And while every Canadian is fully confident that Hitlerism will be decisively vanquished, we may note in passing that the survival of capitalism would be equally difficult under any other result of the war. No doubt those who support Hitlerism expect to retain capitalism by a type of human slavery which would never lift the heel of oppression from the neck of freedom. But just as there is no cure in medical science for death, neither is there any way by which either fascism or democracy, or a combination of both can make capitalism work satisfactorily at the present advanced stage of its inevitable decay.

Let us consider capitalism under the first possible outcome of the war, that of a fight to the finish and a victory for Britain. It is hardly necessary to mention that if Germany were to be the victor that capitalism under Nazi dictatorship would probably go on until unbearable human suffering brought about rebellion and the bloodiest revolution in history. So we shall suppose Britain wins, assuring freedom and democracy. What then?

Capitalism Gone Mad

The British nations, although victorious, would have to face the necessary reconstructions of peace in an exhausted condition. The inevitable tendency of capitalism to concentrate wealth in the hands of a few is even more in evidence in time of war than in peace. War economics is capitalism gone mad. The production of munitions of war for an extended period means that taxation is imposed to the limit of the wage earners' resources while every branch of social service will have been neglected and some will have disappeared. Vastly increased debts will have to be faced, while the profit system under war conditions will have drained the purchasing power of the people into the coffers of the few.

When the war ends munition factories will automatically close and millions will be without any income. The slump will slide from high war prices to the other end of the scale. There will be a scarcity of real demand for lack of purchasing power. Those with the war profits and who alone can invest in peaceful enterprise will not do so because there will be no demand for the goods they would produce.

The only way by which a return could be made under capitalism to adequate production would be for the government to borrow more money from the war profiteers, and expend it on public services as a means of priming the pump. But the government will have borrowed by that time so much that there will be a popular clamour for retrenchments and no government which persisted in further borrowing could survive. And even a government will not be able to borrow from financiers if people are unable to pay taxes required to meet interest charges.

Now that is roughly and in general the situation which we will most certainly face when the war ends with our victory. But there is also a psychological factor of importance to be considered. There will be a powerful emotional reaction. If that is not guided into constructive channels things will happen. British people will probably take their victory seriously. They will say, "We have fought for democracy and freedom and we have won, but it was not freedom to starve that we won, it was freedom to live." That emotional reaction coupled with the suffering through economic want which will be inevitable under capitalism following war will be revolutionary. In British countries that revolutionary condition may resolve itself at a ballot box in favor of Socialism. In other lands it may pass into violent revolution. But in either case capitalism will be justly doomed.

Reactions Under Stalemate

In the case of a stalemate after a prolonged struggle which ends in exhaustion, the economic reactions will be the same in countries on both sides as that described as the likely condition of the Allies in case of victory. There would be no appreciable difference in the internal economy of a country which faces reconstruction exhausted by stalemate and one which is almost equally exhausted by victory. The only possible difference between a stalemate and a victory from an economic point of view is that the latter might lead more speedily to another war. For the victor would hope to regain some of its war loss by impositions of indemnities on the vanquished. But since the vanquished would be even more exhausted than the victors no indemnities could or would be paid and the demand for them would only be a form of oppression which would boil over in a renewal of hostilities. A stalemate on the other hand might serve as an example of the utter futility of war as a means of settling economic disputes which only brains and good will can ever settle.

Temporary Salvation

The only other alternative outcome of hostilities is a peace by negotiation before economic exhaustion begins to

be felt on either side. And even that remote possibility would not save capitalism. It was the rearmament program of Europe which saved capitalism from utter collapse before the war. One does not have to be gifted with unusual imagination to picture what would happen if peace were to come at once before the war gets well started. Following the peace would come demobilization and a cessation of munition production. To what would the demobilized millions turn for a living? To what would those discharged from war industry turn?

Before mobilization, the various war industries running at a full blast rearmament effort had not been sufficient to seriously affect the unemployed situation. With the stimulus of war gone from industry what could capitalism do? The disarming and demobilizing of impecunious millions to idleness is no encouragement to profit-seeking capitalist enterprise. As a matter of fact Hitler has already carried peace time capitalism to its last stage. Under Nazi dictatorship with every liberty of the individual smothered, with every citizen subservient to the state and the state subservient to capitalism, Hitler had gone as far as he could. The war was the only alternative to the collapse of his regime. It came as a temporary salvation, but a salvation that will not only be very temporary but which will lead to the utter destruction of both him and his system.

Speeding Up Processes of Decay

No matter then what the military outcome of the war may be it will in all probability mean the end of Capitalism. This is unquestionably what all those who have been privileged under it fear the most and what they will try to prevent by every or any means. But it will also open the door for that economic change which the great masses of the people have hoped for, hoped for perhaps blindly and which they have been probably unable to picture adequately to themselves or even to name.

The war of course has not introduced any new or deadly explosive which will wreck the system. It is but hastening the development of processes and tendencies which have always been there and would have brought us eventually to the same

impasse in which we will find ourselves when the next peace treaty is signed. A war does two things at least which are fraught with great economic importance. Being an emergency it whips up the tempo of every institution requisite to national safety and tests and finds the weaknesses in an economic system just as it finds weaknesses in a nation. A modern war also being highly mechanized calls into its service the whole producing system of a state. Thus the effect of a great war effort on an economic system which was already well advanced in decay will be analogous to that of prolonged strain and exposure to an aged man.

What were the weaknesses in the economic system which showed up most clearly in times of peace? It may be taken as certain that after the pressure of war these weaknesses will be the points at which complete breakdown will take place. Before the present war broke out there was a widespread feeling even among the most staid and conservative of mind that great economic changes were overdue. Usually this feeling found expression in the general attitude that something would have to be done about unemployment, agricultural markets, growing taxation, private and public debt, social insurance, and health services, etc.

When war actually came naturally the attention of all was turned to National defence with such singleness of purpose as to completely obliterate for the time being all the economic problems which were so disturbing in times of peace. But dark though the hour is at the moment, peace will come again and with it all the old problems will leap upon us in aggravated form. It is therefore wise and prudent for us to be giving some thought to the course to be taken when once again the world turns from War to Peace, from death to life.

What Capitalism Means

At this point it may be advisable to take a little time and space to consider just what is implied in this oft-used word, "Capitalism". In brief, the word stands today for an economic system in which the main means of wealth-production, such as the natural resources including timber, water-power and minerals, etc., as well as transportation, financial institutions

and the machines used in the great factories of production, are all privately owned and used under private direction for the private end of profit-making.

As a system it is comparatively young. It was never planned by anyone to achieve the social purposes which alone could justify its existence. It grew and grew swiftly and rankly out of the unchecked individualism which necessarily characterized the pre-industrial period.

Begin to Work For Owners

In a word the change which Capitalism brought about was that those who, like weavers and cobblers and so forth, were accustomed to work in their own homes and who owned that which they created by their own hands and lived by it were compelled to abandon their independent employment and enter the factories. There they worked not for themselves but for the owners of the factories. They worked for wages which represented only a portion of the wealth they created. They no longer owned the wealth they produced. That was the property of those who owned the means of production now centralized and organized for large-scale production. This change was brought about by the discovery of steam and the invention of machinery to be driven by it.

Why Workers Work For Owners

It will be easy to understand how the workers, who prior to steam and machines worked by hand, and owned the product of their labors could not install such costly means of production as the steam engine and the machines driven by it, in their own homes or workshops. The new means of production were costly equipment. The small individual producer could neither buy the equipment nor compete with the factories in which it was installed. The traders and merchants alone had sufficient capital for such an expensive venture. And so it was that the workers by hand no longer were able to work for themselves and own the product, they henceforth must work for others for wages and Capitalism was born.

Farmer's Position in the System

It is sometimes erroneously thought that farmers are unlike the industrial workers in this respect. Those who work on farms even to this day are often regarded as independent, that they work for themselves, and own what they produce. The reality denies and refutes the appearances in this regard. Every farmer knows that when he settles up at the end of each producing year, that is if he is able to settle up at all, he has little or nothing left. He must give some of what he has produced to the original owner of the land he farms, another portion must be given to the railways for transportation, another part must be given to the owners of the machines he used—the machine companies, another portion must go to the banks for interest on his financing, while still another portion and a large one, is paid out in excessive profit prices on all that the farmer has to buy in order to do his farming. In addition he pays high toll to packing plants and the Grain Exchange for handling his products.

The result is that at the end of each year the majority of farmers are left with a deficit in the form of an interest-bearing debt. The technique of extracting from the farmer what he has earned is slightly different from that employed in taking from the industrial worker through the wage system the major portion of what he has produced but the results are quite similar.

The events which brought Capitalism into being closed one period of history with its appropriate ways of life and opened another in which we still find ourselves. As the process of Capitalist production advanced fewer and fewer individual workers could be found who worked for themselves, who were their own masters and who owned the products of their own labor. The system of the ownership of the means of wealth production by a few, expanded rapidly, weaker competitors falling in the struggle or being absorbed by the stronger. This has gone on until our own day when almost the entire industrial production of a nation is in the hands of a few corporations, which corporations are interlocked in their directorates and are the masters of the economic destiny of the people.

Authentic figures are available which show that the economic life of Canada is in the control of about fifty men. And to them there flows through their ownership of factories, resources, transportation and financial institutions, etc., that wealth which should be distributed to workers on the farms and in the factories. And if that wealth were so distributed the standard of living of all would rise to a point commensurate with the new means of production and economic security would be a reality instead of a dream.

Theory of Competition

True competition was and is the basic idea as well as the defence of the present system of production and distribution known as capitalism. It was held as a cardinal principle that free competition would encourage initiative and enterprise; that the profit motive would be a driving force which would guarantee that production would be undertaken in every field where there was demand; and it was held that it was safe to entrust the ownership of the means of production to private hands since competition would act as an automatic stabilizer to prices. It was contended that if under keen competition for profit too much of one commodity were produced, the price of that commodity would drop, and in other fields of production where supply was lagging behind demand, prices would rise and thus attract producers who by competing would automatically reduce prices in those fields by the same process.

And so the belief grew up that individualism under free competition was the best of all possible systems, and that therefore capitalists should be left alone to their competitive devices and everything would work out to the best advantage of all. Any interference by governments was not only frowned upon, but was considered inimical to the public interest. What then happened to this automatic and best of all systems of free competition under private ownership?

Competition Destructive to the People

The undeniable fact proved not only by nearly two centuries of history, but proved in the life experience of 90

per cent of the people now living in Canada, is that the free competition philosophy did not work out and is not working out to the advantage of the people as a whole. Many have long since repudiated the belief that a few people given ownership and control of the means of production and driven by the desire for gain in a field of free competition would automatically bring about economic security for the masses. The utter simplicity of the thing should have awakened doubt. As a matter of fact the pitiable results of this system could easily have been deduced from the premise even before the demonstration given to the world by capitalism during its devastating history. Its results have been devastating to the human values throughout.

The Essences of Disintegration

It has often been said and said truly that our present economic system is a very complicated affair. This is usually said to discourage conclusions on the part of the common man who so far has been quite unable to believe that two times two make six. Of course the system is complicated and for that reason it is not possible here to review all the factors that have had a bearing on the present situation. But it is possible to distill the essences and to show that no system in which such essences are found can continue to survive, regardless of the complications involved in its development.

Pay Least—Charge Most

The very first principle of good business under free competition is to pay as little as possible when buying and to sell for as much as the traffic will bear. This principle applies not only to things in general, but to labor in particular. The less paid in wages, the better chance there was for the employer to meet the price of his competitors and still make a profit. Longer hours and less pay for the workers were the natural results of such a principle so that the very first advance of capitalism was made over the tired and half-starved bodies of those who toiled in factories and mines, on railroads and in ships and in the fields. From the very beginning of machine production men, women and children, under

economic compulsion served the system, whereas the system should have been made to serve men, women and children.

Free competition is not a static thing, it is a process which must eventually lead to the complete elimination of the weak and the domination of the strong. Successful competition must always imply the opposite—namely unsuccessful competition. Competition is the road to monopoly and that road is strewn with the remains of unsuccessful competitors. When the strong clashed with the weak the weak were destroyed. When equally strong competitors were about to clash they backed away from the mutual destruction which would have resulted and formed trusts, combines and monopolies. In either case free competition disappears.

That manufacturing, mining, packing, the tobacco industry, transportation, and finance, etc. are largely monopolies today is so well known that to advance the proof here would be superfluous. If there is a sceptic left we urge that he read the evidence and report of the price spreads commission. Then follow that up by reading "Who Owns Canada." This will show the situation in the dominion. There are numerous sources of similar information dealing with conditions in other capitalist countries.

Profit Through Monopoly

The situation, therefore, is now that while the profit motive still dominates the whole economic system, free competition of the theoretic variety has ceased to exist so that there remains virtually no check on profits in the main fields of production. This being the case, instead of prices falling to a point commensurate with production capacity they are maintained at high levels through the expedient of curtailed production on the part of those large corporations which have eliminated competition either by devouring their competitors or by coming to an agreement with them through combines. In this way production is more and more governed by effective demand and geared to that for the purpose of maintaining a profit price.

The Dilemma

Effective demand simply means that amount of goods which consumers are able to buy. Since wages are kept low so as to make greater profit, and unemployment increased through technological advance, on the one hand and curtailing production with a view to gearing production to effective demand on the other, the income of consumers constantly declines in relation to productive capacity and is progressively further away from purchasing their real demands. This is the point where capitalism will crumble. Its real dilemma is that if wages paid to workers are sufficient to buy the entire output of production there will be no profit, and if wages sufficient to buy the output are not paid there will be no profit either. The natural expansion of the industrial system coupled with the exploitation of new regions of the earth have so far kept the system going. These natural safeguards have run their course. The economic system must be stabilized from now on with production geared to the real demands of the people.

Capitalism breaks down at the point of consumption. Failure to consume is a disease of capitalism. It is not lack of appetite; it is enforced scarcity and hunger. This enforced hunger is due to an economic mechanism which has been built to conform to a private profit objective. The proper objective is that of satisfying the needs of the people. If and when such an objective is acceptable, then there will follow corresponding changes in the mechanism of the system.

The Break Down

It is well to keep in mind that no one desires the breakdown of any economic system that is doing what an economic system is devised to do. No one wishes to break down the present system, nor would wishful thinking be sufficient to break it down. On the contrary the tendency is to keep on trying to live under the system which has long ceased to function properly. Capitalism has thus been kept going in the very face of facts and figures that proclaimed its failure, because the victims of the system were more capable of suffering want than they were of creating a new system which would abolish want.

Another thing to be remembered is that by the breakdown of a system is not meant that everything will suddenly come to a standstill. A few people will probably be doing very well under capitalism even should the system continue its progressive disintegration for another century. Some people, however regard it as having broken down when it never produces enough to go around even though it has the potential capacity to do so; when it destroys part of what has been produced or curtails production so as to maintain a profit price while a large percentage of the population is in dire need of the goods so destroyed or not produced at all; and when technological progress actually increases instead of diminishing the economic pressure on the masses while yielding large fortunes to a few. It might truly be said that the system had broken down in countries like Canada, Britain and the United States of America where about one-tenth of the populations had no means of livelihood except state doles from 1929 until the outbreak of war in 1940.

"If you wish to realize what would happen if the State did not make and enforce laws for the safeguarding of health, read about the Black Death in England in 1348 and about the Great Plague of London in 1666." So wrote Mr. John Macdonald in his book "The community—First Steps in Sociology". It is not hard to imagine someone writing in the year 2040 "if you wish to realize what would happen to the economic security of the people if the state did not make provision for it, read about unemployment in Britain, Canada, and the United States of America in 1929-1940." The test question as to the advisability of continuing the present ways of production and distribution is—What chance has the average person to make a living under prevailing economic conditions?

Fortunately there need be no guessing about the answer to this question, nor is it necessary to rely on haphazard pronouncements of disgruntled individuals. There is now available such scientific works on the subject as that published by the "National Survey of Potential Products Capacity". Under the title of "The Chart of Plenty" Mr. Harold Loeb and his associates on the N.S.P.P.C. give detailed and accurate

information as to the national income of the United States. They show that the income is not only inadequate to meet the living requirements of the people of that great country but that the distribution of the income was so inequitable as to deprive a very large percentage of the population of the bare necessities of life. This enquiring body also shows how much greater the income of the United States could and should be, and shows how that increased income could and should be distributed, so as to meet the living requirements of all the people and keep production at the maximum output constantly.

The premise from which the N.S.P.P.C. began its investigation was that the amount of goods and services available to any individual must depend on two factors, namely, the amount of his income, and the prices charged for goods and services.

As we have seen it is assumed in the very face of overwhelming data to the contrary that free competition will regulate prices, that the desire for profit will attract producers to engage in the production of that commodity offering the highest reward, and that this scramble for profit in any field will result in surplus goods and reduced prices, thus facilitating distribution.

But the fact is that things have not worked out that way and are not working that way now. It cannot be denied that free competition has been practically abandoned in the fields of production where trusts and combines hold sway, so that instead of lowering prices, the supplies are deliberately curtailed in order to maintain the standard of prices. So that as Mr. Loeb remarks, "Today effective demand need not command full production and habitually does not."

Capitalism at Its Best

The highest peak of production in the U.S.A. was in 1929. The national income for that year was about \$94,000,000.000. This was not enough to meet the requirements of the population even if it had been equitably distributed which it was not. "Actually", says the N.S.P.P.C. report, "some

42 per cent of our people existed on a level below the standard of health and decency." It will be found that the conditions in the U.S.A. are closely paralleled in Canada.

Of course the champions of capitalism are fond of averaging up the national income by dividing on paper, the annual income by the number of families so as to bolster up the system by fictitious propaganda. But again the fact is that the national income is not averaged in any capitalist country. It is easy to cover up the tragic story of widespread poverty by saying that the \$94,000,000,000 income of the U.S.A. in 1929 gave an average of \$3,000 to 78 per cent of all the families. But that just was not the fact. Mr. Stuart Chase disposes of this average argument when he writes: "The joker is now perfectly apparent. If ten people have ten dollars to divide between them and one takes nine dollars, the others, while they had a theoretical average of one dollar to start with, as a matter of cold fact, when the surgical operation is over, have precisely 11 cents a piece." What indeed is the use of talking about averages when in America ten people received 90 million dollars out of the national income, 273 got \$497,000,000, and 10,784 had among them \$250,000,000. That disposes of averages and we have to face the cold hard fact that despite \$94,000,000,000 income in the U.S.A. in 1929, 42 per cent of the population had incomes so low that decent living was impossible in this banner year of production.

The National Survey of Potential Product Capacity demonstrated that technology has solved the problem of producing essential goods in sufficient quantity to amply supply the needs and even the wants of all the people. It estimates that the income of the U.S.A. in 1929 could have been \$135,000,000,000 instead of \$94,000,000,000, and that it would require \$135,000,000,000 of national income to give a decent standard of living to the entire population. But it will give some idea of the stupidity of the economic system in vogue when we realize that even if the U.S.A. had produced \$135,000,000,000 in 1929 the population would have been no better served than they were with \$94,000,000,000 if the same methods of distribution were in practice. For \$41,000,000,-

000 worth of wealth would have had to be destroyed in order to maintain profit prices and keep the system on an even keel.

Technology has done for all highly industrialized countries that which the National Survey of Potential Products Capacity Commission discovered it had done in the U.S.A. Indeed it may be safely concluded that since the natural resources of Canada are greater in relation to the population than is the case in the U.S.A., the amount of wealth producible per capita would be even greater in Canada than in the U.S.A. The N.S.P.P.C. found that the potential capacity production of the U.S.A. could supply each family with an income of \$5,000 a year. And that each family could easily consume that amount, so that there would be no lack of markets for the entire national output. The governing principle in a consumer-as-you-go policy would be that there must be no artificial restrictions on production such as are now imposed in order to maintain a profit price, but that the only limit to production would be the supplying a sufficiency to all, of that which is required for the highest possible standard of living to the whole community.

Here then is the problem which Liberals and Conservatives together or separately must solve in Canada if the system which they exist to serve is not only to survive but provide adequately, for the needs of all Canadians; they must devise a way by which sufficient goods and services to supply the needs of all may be uninterruptedly produced, and contrive a way to distribute in the process of production sufficient income per family or per individual to buy the full requirements of life as produced.

It will be seen at once that incomes sufficient to buy the entire national output of goods and services cannot be distributed to consumers while those who own the means of production produce only for profit. For if a nation's producing system is geared to produce all that the consumers require, and if its distributing system permits the consumers to consume all that has been produced, then there could be no profit to industry in the capitalist sense.

In general it will be agreed that every able-bodied person should be employed in doing that part of the necessary work

which entitles him to his living, and that each who so works should receive sufficient income to buy back that amount of the product which is required for his living, otherwise there will be want while wealth wastes. But right here is our challenge to Liberals and Conservatives. We demand that they shall explain in detail just how they, while retaining a system which produces only for profit can produce and distribute sufficient for all. We demand that such information be made clear to the Canadian people before the next general election. They will not because of course they cannot give any such information or any such assurances.

The crux of the whole matter may be stated very briefly and very clearly. Capitalism has achieved its aim. Its aim is private profit for a few. It has been very successful in piling up profits for its favored beneficiaries.

That, however, is not the objective of a system that is acceptable to all the people. What is wanted is an economic system that will have one definite aim, namely to produce and distribute sufficient goods and services to meet the needs of the people in the community. If the aim of a system is to supply the needs of all the people there will be no profit, if the aim is profit the needs will not be supplied. An economic system can reach either one of these objectives separately, but no economic system can reach both objectives at the same time. The people must therefore choose one or the other.

If we again choose a system which yields profit to a few while thousands starve, then if we are among the starving we should accept our starvation with that satisfaction which comes to people who get what they voted for. In other words an economic system is a man-made institution which will do what man makes it do. If we set up a profit-making institution, we need not be surprised to discover that a few have made the profit for which the system was devised, nor need there be surprise if when we have built a system to supply human need, it should be found that human needs are being supplied. Technology, the child of science, is the parent of abundance; poverty in our time is the unwanted illegitimate child of ignorance and greed.

The wage system is inseparable from the profit system and unemployment is the inevitable outcome of technology under a profit motive. Paying the least possible wages in order to gain the highest possible profit must therefore be abandoned and technology must be used so as to give leisure to the masses instead of unemployment and want.

The tendency in technological progress is that more and more power is being applied to machines that are becoming more and more automatic. Suppose we use a little imagination and carry this process to its logical conclusion in order to see the utter absurdity of our present ways of doing things. Suppose that the atom should be successfully split so that enough power may be derived from a cup of water to drive a locomotive for a year; suppose also for the sake of argument that the machines used in industry become entirely automatic, so that they practically run themselves requiring no labor. What then? Would the population sit down and die quietly of starvation while they watched unlimited power drive automatic machines in the production of untold volumes of wealth which people are not allowed to use simply because the mighty atom had taken the place of human muscles, and machines were doing the work which at one time human hands alone could do?

Capitalism will not survive the war because it utterly failed at the most critical moment of national crisis. It had been failing right along in peace time quite as badly as in war, although its failure had not been recognized as clearly. To intelligent, observant people the economic system which failed to adjust the hours of employment and the amount of remuneration for work done, in accordance with the requirements of power-driven machinery, was and is a failure. There is no escape from the conclusion that since power-driven machine production requires less human labor while producing more, people should have to work shorter hours and receive more. That is the simple answer to the whole modern industrial problem. That simple answer cannot be given, however, while the machines and the power used in production are owned by private individuals and operated by them exclusively for profit. So that the failure lies in using the newly dis-

covered power and the newly invented machines to make profit rather than to supply human needs. Therein lies the failure of Capitalism in peace or war.

Crisis Reveals Weakness

While an ever-increasing number of people prior to the war were beginning to recognize this weakness in the economic system, the issues were obscured constantly and the process of advance was slow. When, however, a nation found an enemy at its gate and required immediate and abundant war supplies which were not forthcoming, more was done in one day to reveal the incompetence of capitalist production than could have been done by abstract reasoning in a generation.

It was well known that the British Empire had the resources, the material, the power, the machinery to produce enough war material to blow Germany out of Europe. But it was not there when required. Even in the face of actual danger of invasion, haggling over profits and inefficiency of operation paralyzed production. It was then that the masses got an object lesson which years of unemployment and partial starvation had failed to teach them.

A Lesson in Socialist Efficiency

But they not only had a lesson in capitalist inefficiency, the people of Britain and of all British nations got a lesson of the efficiency of social production for social ends as demonstrated by men like Mr. Morrison and Mr. Bevin, the Socialist members of the British government.

The outstanding event of this war so far has been the efficiency of social effort as compared with the inefficiency of private operators in search of profit. This lesson will not be forgotten when peace comes. We have seen that capitalism which had been regarded as the most efficient of all producing systems failed. It was held to be efficient because it was said that private ownership for profit would whip up individual initiative and thus ensure ample production. But the initiative that was whipped up was merely a profit initiative which did not bring the required supplies to the nation.

We remember how it was contended that Socialism would destroy individual initiative and production would lag. But we have seen the abandoning of private control of production because of the most tragic incompetence in history and we have also seen that the Socialist principle so long rejected had to be adopted at the 12th hour by Britain to save the nation.

The effect was immediate and satisfactory. The British workers rose to the occasion and maintained production at maximum output just as soon as it was clear to them that they were not working to make profits for a few, but that they were working for Britain. In the first month of the new regime the output of war supplies was as great as for the nine months previous and the output is being maintained.

Social Production is Efficient

Social effort for social objectives has earned its spurs in the field of efficiency. It can never again be said that private ownership provides a healthy initiative nor that it is efficient in production. Nor can it ever be said again that social effort for social objectives either lacks initiative or is inefficient. Social effort has come to stay.

Social effort can be achieved without either dictatorship or a diabolical objective such as Hitler gave to it in Germany. He imposed social effort upon the people. And he inspired the youth of the nation to accept enthusiastically and with devotion a diabolical program which future history will repudiate. But the effort was social both in its aim and in its operation. While imposed by a dictator and undesirable as a social aim the youth of Germany saw in it an opportunity for economic security through conquest. And as a war machine Germany was efficient.

Efficiency at the price which Germany paid would not be worth while. The same efficiency of social effort can be achieved however without either dictatorship or a diabolical objective. Britain has shown the way. By a vote of the people's representatives in parliament social effort was substituted for individual effort and the safety of the state took the place of the profit motive.

This was done because it was recognized that the only way to defeat Germany was to be equal to her in efficiency, and the only way to be efficient was by putting social effort in the place of private ownership. This was done and it brought results. It was done by British people in a British way. And it is just inconceivable that Britain will return to unemployment and the inefficiency of Capitalism when the war is over, after having experienced a better way. For there is no earthly reason why British people should not work together for the best interests of Britain at peace just as they are doing for Britain at war.

It will be seen that the nation's life is just as important in time of peace as in war. It is known that in the peace which preceded this war Capitalism was as impotent in dealing with matters of unemployment, farm prices, interest charges, debts and the like as it proved itself to be in providing a sufficient number of airplanes and tanks to protect the State. And since the adoption of socialist principles has produced the goods and ended unemployment in time of war, it will be seen that it will do both also in time of peace. In the last war the incompetence of Capitalism was revealed, but no nation had then tried Socialism sufficiently to know that it is as efficient in production as it is in distribution. This war, however, has seen the successful application of Socialist principles to production and the lesson learned thereby will not likely be forgotten.

Then war has a way of compelling people to face up to the realities reluctant though they be to do so. It has been seen that it was foolish to have unemployed people when munitions were so badly needed, or to have duplication of industries in some lines of production while there was a scarcity of some vital thing. And it has been shown to be equally foolish to leave industry without direction, or purpose or co-ordination at a time when maximum effort was imperative. May it not be hoped that this sudden contact with reality which has driven Capitalism out of action during war will keep it out in time of peace. Will not the sheer absurdity of returning to scarcity in a world in which abundance would

be a result much more easily attained, be sufficient to prevent Capitalism from returning to the stage when peace comes?

Both the war itself and the conditions that will follow it will provide the opportunity for a basic change in both national and world affairs. That is perhaps the best that can be said for the future. It would be unwise to conclude that either the end of Capitalism or the coming of a more desirable way of life are inevitable. As a matter of fact the old system has in great measure already collapsed. It may continue to disintegrate until it completely disappears, or it may be restored with all its absurdities by Fascism even in countries that have fought and defeated Fascism in the form of an invading army. Stranger things have happened. But of one thing we may be absolutely sure and that is that a new and better system of society will not come to us by accident. Any new society that will be fit for human beings to live in will have to be planned and its provisions carried out for the social weal by well directed social effort. To this end the social heart and mind must be centered on a positive constructive objective the achievement of which will be attained by carefully planned scientific provisions.

In this connection H. G. Wells writes, "A revolution, that is to say a convulsive effort at social and political readjustment, is bound to come in all these overstrained countries, in Germany, in Britain and universally. It is more likely than not to arrive directly out of the exasperating diminuendos and crescendos of the present war, as a culminating phase of it. Revolution of some sort we must have. We cannot prevent its onset. But we can affect the course of its development. It may end in utter disaster or it may release a new world far better than the old. Within these broad limits it is possible for us to make up our minds *how* it is to come to us."

And this is most definitely the time for us to make up our minds. War itself is an undesirable catastrophe of the first magnitude. The great tension which it imposes reveals the weaknesses of our methods and for war purposes there may be temporary acceptance of better methods. War however is not a miracle and will not in itself result in miracles of reconstruction.

We can still recall the high hopes of a better world which inspired the nations to carry on from 1914 to 1918 in the great war. But nothing constructive of permanent character came out of it, and chiefly because it was believed that the war itself would bring about the changes for which hopes were entertained. These vague hopes must be translated into definite purpose and worked for with a conscious persistence after the war or nothing will happen except possible disaster.

It is true as we have seen that Capitalism has been severely tested and found wanting during the stress of war. And yet nothing of its inherent weakness has been revealed which was not well known to every student of the system a century ago. It is true also that certain socialistic methods have been adopted and that they have proved effective. It would be a great mistake however for the people to feel assured that because of these things a better way of life will emerge after the war without further effort on our part.

All that can be said at the moment is that there will be an exceptionally good opportunity for us to reconstruct society after the war. But if there is any reconstructing done we shall have to do it. It will not do itself. We cannot depend upon the Capitalist leaders who have blundered so badly both before and during the war. The only thing they will do is to try to return to the past and thus to repeat their blunders until civilization is utterly destroyed. So if anything worth while is to emerge from the present catastrophe we must make it emerge.

We must therefore prepare ourselves for that responsibility. That is the function of the C.C.F. Its supreme task is to prepare the public mind to strive for the changes in human affairs which the public conscience is now sensing as a fitting culmination of the present world tragedy and to prepare to give safe and sane leadership in the new world which we propose to create.

